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200 West Longhorn Road  
Payson, AZ 85541  
928/474-2294

2007 AUG 15 P 4: 00

AZ CORP COMMISSION  
DOCKET CONTROL

Date: 8/15/2007

Docket Control Center (13 copies)  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Compliance Section (1 copy)  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

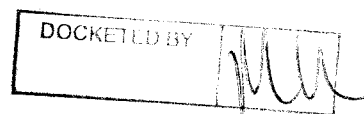
Re: Compliance Filing  
Docket Nos. ~~6-03703A-06-0694~~

G-03703A-06-0694

G-20471A-06-0694

Arizona Corporation Commission  
DOCKETED

AUG 15 2007



G-03703A-06-0694

G-20471A-06-0694

In Decision No. 69579 dated May 21, 2007 (issued in Docket Nos. ~~6-03703A-06-0694~~ and ~~6-20471A-06-0694~~), the Commission ordered SemStream Arizona Propane to file a report describing its propane gas purchasing methodology for the two SemStream Arizona Propane utilities located in the service areas of Page and Payson, Arizona. The attached report is filed in this docket in compliance with that order.

Should the Commission or Staff have further questions regarding the attached Gas Purchasing Plan, please contact me at the above listed office or via email at [dmann@semgrouppl.com](mailto:dmann@semgrouppl.com) Thank you.

Sincerely,

Douglas R. Mann  
President, SemStream Arizona Propane

## **SemStream Arizona Propane (Payson and Page) Gas Purchasing Plan (8/15/2007)**

Docket Nos. G-20417A-06-0694

**Purpose:** Provide the most reliable and secure propane gas supply at competitive costs for utility customers in Page and Payson, Arizona.

**Summary:** During the last two years, the Payson-area propane system has had to deal with refinery outages and storage failures which have affected propane gas costs as well as reliability. To enhance our ability to provide our customers with a reliable and secure gas supply at competitive prices, we will be coordinating and combining our gas purchases for Page and Payson, Arizona and using the purchasing, scheduling and transportation expertise of the SemStream supply group in Tulsa, OK. SemStream's propane purchases for the area far exceed the demands of Payson and Page and combining these areas into the overall purchase plan will ensure secure supply. Pricing to the locations will be equal with the difference being the transportation cost (truck freight) to the specific location.

**Process:** Each year SemStream has an annual propane supply planning process where each supply manager and each demand area manager get together to discuss needs. A part of the process is to review the prior year and the reliability of the location along with the quantities and prices; if the location provided the reliability and security desired it is added to the list for the next year. Once the locations have been reviewed, the supply manager and the area demand manager will lay out the volumes by location by month for the next supply year. The supply manager will secure the volumes agreed upon at each supply location and as a precaution the supply manager will identify secondary supply locations in the event of supply disruptions at the primary locations.

The SemStream supply manager and the President of SemStream Arizona Propane will follow this same process for planning the supply demand forecast for Payson and Page each year. During the supply season there are daily discussions taking place between the supply manager, the President of SemStream Arizona and various other personnel involved in the supply and distribution process.

**Note:** Currently SemStream's supply for the area includes approximately 8,000,000 gallons of propane in storage at the two storage facilities in the southwest along with monthly contract supply from Wingate and other area supply locations totaling over 600,000 gallons per month. The total annual demand for the regulated business is approximately 5,000,000 gallons and is adequately covered in these supply volumes.

## **SemStream Arizona Propane (Payson and Page) Gas Purchasing Plan (8/15/2007)**

Docket Nos. G-20417A-06-0694

**Procedure:** On a daily (or as needed) basis, the gas supply status at the Payson office and Page office will be emailed to the Manager of Propane Supply at the SemStream Tulsa, OK office. That manager will be responsible for ensuring that the gas supply needs in Page and Payson are met by arranging deliveries from either previously purchased storage gas or from other sources at current spot/rack prices. The deliveries will be scheduled with transport carriers at rates that have previously been negotiated by the Manager of Propane Supply. On an on-going basis, the Manager of Propane Supply and the President of SemStream Arizona Propane will review storage balances, weather conditions, and other factors that may impact propane deliveries.

**Creating Customer Value:** Propane Gas demand and purchasing for a utility is a dynamic process. It continually requires updating of weather, pricing, storage availability, and transportation. It can become a very complex supply chain problem. We believe by combining the requirements of the two utilities and having those needs analyzed and delivered by the professional team of the SemStream L.P., our company and our customers will have a distinct advantage in managing the complexity of the gas supply chain. We believe this strategy will provide our customers with the best combination of security of supply and competitive pricing.

**Reporting:** Each entity will continue to make monthly PGA filings with the Arizona Corporation Commission. In addition to the calculations for the gas adjusters and bank balance, a 12 month rolling gas cost report will be updated each month and included as part of the PGA filing. This report will, for each of the preceding 12 months, show the gas purchases, both volumes and costs, PERC (Propane Education and Research Council) charges, as well as freight charges. Each of the PGA filings (including the 12 month rolling gas cost report) will be sent from the Payson office. Questions regarding those filings should be directed to the President of SemStream Arizona Propane (928-474-2294).

ORIGINAL

## ARIZONA CORPORATION COMMISSION

## UTILITY COMPLAINT FORM

Investigator: Lynn CombsPhone: (602) [REDACTED]Fax: (602) [REDACTED]Priority: Respond Within Five DaysOpinionNo. 2007 - 62524Date: 8/14/2007Complaint Description:

08A Rate Case Items - Opposed

N/A Not Applicable

First:Last:Complaint By:

Joseph

Hertel

Account Name:

Joseph Hertel

Home: [REDACTED]Street:Work:City:CBR:State:

AZ

Zip: [REDACTED]is:Utility Company:

Arizona - American Sewer Company

Division:

sewer

Contact Name:Contact Phone: [REDACTED]Nature of Complaint:

08/13/07 Correspondence received

Joseph Hertel

Arizona Corporation Commission  
1200 West Washington street  
Phoenix, Arizona 85007-2996

Ra Arizona-American Water Company  
Rate Case Hearing on August 23, 2007  
Docket #WS.01 30344)6-0491

Dear Commission Members,

I understand that there will be a hearing before your commission on August 23 regarding a rate increase by Sun City Wastewater and Sun City West Wastewater Districts. Currently, residents of Sun City West pay a flat charge of \$20.58 per month regardless of the volume of water used. In most municipalities, charges are based on the actual water used. That is certainly the most equitable method. Please consider charging in the future based on usage. That provides the maximum incentive for each individual to conserve water.

Thank you for your attention to this matter.

Respectfully yours

Joseph Hertel

\*End of Complaint\*

Utilities' Response:

Arizona Corporation Commission

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# ARIZONA CORPORATION COMMISSION

## UTILITY COMPLAINT FORM

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### Investigator's Comments and Disposition:

08/14/07 I sent the customer a letter thanking them for their opinion:

Joseph Hertel  
[REDACTED]

Re: Arizona American  
Docket # WS- 01303A-06-0491

Dear Mr. Hertel:

Your letter regarding the Arizona American Water Company (Arizona American) rate case will be placed on file with the Docket Control Center of the Arizona Corporation Commission (Commission) to be made part of the record. The Commission will consider your comments before a decision is rendered in the Arizona American application.

The concerns raised in letters received from customers will assist the Commission in the investigation and review of the rate application. The Commission's independent analysis of the utility and its rate request attempts to balance the interest of the utility and its customers.

Commission Staff is very sensitive to the burden that high utility rates can place on the consumer, and though constitutionally required to allow a fair return to the utility, does everything within its authority to protect the consumer.

Staff appreciates your comments and the interest taken on the proposed rate increase. If you should have any questions relating to this issue, please call me toll free at [REDACTED]

Sincerely,  
Lynn Combs  
Consumer Service Specialist  
Utilities Division  
\*End of Comments\*

Date Completed: 8/14/2007

Opinion No. 2007 - 62524

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